

April 28, 2022

S.M.I.L.E. Microfinance Limited- Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund-based Term Loan	8.42	0.00	[ICRA]BBB- &; withdrawn
Long Term – Unallocated	241.58	0.00	[ICRA]BBB- &; withdrawn
Non-convertible Debenture	40.00	0.00	[ICRA]BBB- &; withdrawn
Total	290.00	0.00	

*Instrument details are provided in Annexure-1; &= Under rating watch with developing implications

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of S.M.I.L.E. Microfinance Limited at the request of the entity and based on the No Dues Certificate from the Bankers and Debenture holders in accordance with the policy on withdrawal of credit ratings. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities and Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on withdrawal of credit ratings ICRA's Credit Rating Methodology for Non-Banking Finance Companies
Parent/Group Support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of S.M.I.L.E. Microfinance Limited

About the company

S.M.I.L.E. Microfinance Limited (SML) is a Chennai-based Non-Deposit taking Non-Banking Finance Company (NBFC-ND) started as a private limited company in 2004 to provide credit services to the urban and rural poor women and converted to public limited company in November 2005. The company was reclassified as NBFC-MFI in May 2015. In April 2022, the microfinance business of SML was taken over by Northern Arc Capital Limited through a slump sale transaction accordingly there are no operations in the residual company. Previously, SML used to provide microfinance credit to economically backward women through the joint liability group mechanism.

As of September 2021, the promoter group held a stake of 18.6% and DWM Investments (Cyprus) Limited held about 66.6% in the company while the rest was held by other shareholders.

SML reported a net loss of Rs. 8.9 crore in FY2021 on a total managed asset base of Rs. 537.3 crore vis-à-vis a net profit of Rs. 12.4 crore on a total managed asset base of Rs. 692.7 crore in FY2020. In 9M FY2022, the company reported a net loss of Rs. 18.9 crore on a total managed asset base of Rs. 372.9 crore.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	Instrument	Type	Current Rating (FY2023)			Chronology of Rating History for the Past 3 Years				
			Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021		Date & Rating in FY2020
					April-28-2022	Mar-02-2022	Dec-31-2021	Jan-04-2021	Apr-21-2020	Aug-26-2019
1	NCD	Long term	40.00	-	[ICRA]BBB-&; withdrawn	[ICRA]BBB-&	[ICRA]BBB-(Negative)	[ICRA]BBB-(Negative)	[ICRA]BBB-(Negative)	[ICRA]BBB (Stable)
2	Long term – Fund-based	Long term	8.42	-	[ICRA]BBB-&; withdrawn	[ICRA]BBB-&	[ICRA]BBB-(Negative)	[ICRA]BBB-(Negative)	[ICRA]BBB-(Negative)	[ICRA]BBB (Stable)
3	Long term – unallocated	Long term	241.58	-	[ICRA]BBB-&; withdrawn	[ICRA]BBB-&	[ICRA]BBB-(Negative)	[ICRA]BBB-(Negative)	[ICRA]BBB-(Negative)	[ICRA]BBB (Stable)

&= Under rating watch with developing implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-convertible Debenture	Simple
Bank Facilities	Simple
Long Term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan -1	Nov-12-18	-	NA	2.33	[ICRA]BBB- &; Withdrawn
NA	Term Loan -2	Apr-05-18	-		1.19	[ICRA]BBB- &; Withdrawn
NA	Term Loan -3	Jan-18-19	-		2.02	[ICRA]BBB- &; Withdrawn
NA	Term Loan -4	Sep-28-18	-		2.88	[ICRA]BBB- &; Withdrawn
NA	Proposed Limits	-	-	NA	241.58	[ICRA]BBB- &; Withdrawn
INE786V08017	NCD – 1	Aug-24-16	15.50%	NA	20.00	[ICRA]BBB- &; Withdrawn
INE786V08025	NCD – 2	Aug 24-16	15.50%		20.00	[ICRA]BBB- &; Withdrawn

Source: Company; &= Under rating watch with developing implications

Annexure-2: List of entities considered for consolidated analysis- NA

ANALYST CONTACTS

Karthik Srinivasan
+91-22-6114 3444
karthiks@icraindia.com

A M Karthik
+91-44-4596 4308
a.karthik@icraindia.com

R Srinivasan
+91-44-4596 4315
r.srinivasan@icraindia.com

Richardson Xavier J
+91 9094877278
richardson.xavier@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.